

Message Text

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ACTION IO-13

INFO OCT-01 ISO-00 IOE-00 ACDA-10 CIAE-00 INR-07 L-03
NSAE-00 NSC-05 EB-08 NRC-07 OES-06 FEAE-00 DODE-00
PM-04 SSO-00 NSCE-00 SS-15 EUR-12 INRE-00 /091 W
-----231836 015117 /43

O 231749Z FEB 77

FM USMISSION IAEA VIENNA

TO AMEMBASSY BELGRADE IMMEDIATE

INFO SECSTATE WASHDC IMMEDIATE 8691

USERDA GERMANTOWN

USERDA WASHDC

UNCLAS IAEA VIENNA 1435

DEPT FOR IO/SCT AND PASS NRC

EO 11652: NA

TAGS: AORG, OCON IAEA TECH PARM YU US

SUBJECT: KRSKO PROJECT: YUGOSLAV/U.S. EXCHANGE IN IAEA BOARD OF
GOVERNORS

1. DURING IAEA BOARD CONSIDERATION OF AGENDA
ITEM ON SAFEGUARDS AFTERNOON OF 2/23, YUGOSLAV
GOVERNOR (OSREDKAR) INTERVENED UNDER INSTRUC-
TIONS TO DELIVER PREPARED STATEMENT TEXT OF
WHICH FOLLOWS:

QUOTE

I WOULD LIKE TO INFORM THE AGENCY ON BEHLAF OF MY GOVERNMENT ABOUT
THE SITUATION RELATING TO THE POWER STATION OF 600 MWE BEING CONST-
RUCTED IN YUGOSLAVIA BY A U.S. COMPANY UNDER A TRILATERL ARRANGEMENT
BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND YUGOSLAVIA AND
THE IAEA THE CONSTRUCTION HAS BEEN UNDERWAY FOR SOME TIME AND IN
APRIL 1975 THE EXPORT LICENCE FOR ITEMS TO BE SUPPLIED WAS REQUEST-
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ED FROM THE U.S. GOVERNMENT. IN DECEMBER 1975 AS WELL, THE AGENCY,
IN CCRDANCE WITH THE PROJECT AGREEMENT
REQUESTED THE EXPORT LICENSE FROM THE U.S. GOVERNMENT. BY THE MIDDLE
OF 1976, BECAUSE THE EXPORT LICENSE HAD NOT YET BEEN ISSUED, THE
FIRST DELAYS AROSE IN SHIPMENTS OF EQUIPMENT AND NEW STEPS WERE
MADE DIRECTLY AS WELL THROUGH THE AGENCY TO URGE THE ISSUE OF THE
LICENSE. IT WAS HOWEVER, NOT SECURED, ON THE CONTRARY, THE U.S.

GOVERNMENT PUT FORWARD ADDITIONAL OBLIGATIONS AT THE BEGINNING OF DECEMBER 1976 TO THE GOVERNMENT OF YUGOSLAVIA AS A PRECONDITION FOR ISSUING THE LICENSE WHICH, AS COMMUNICATED, WOULD BE ISSUED EXPEDITIOUSLY PROVIDED THE YUGOSLAV GOVERNMENT ACCEPTED THE U.S. PROPOSAL.

IN ITS MOST RECENT COMMUNICATION, THE U.S. GOVERNMENT HAS INFORMED THE YUGOSLAV GOVERNMENT ABOUT THE REVIEW OF THE U.S. NUCLEAR POLICY TO BE COMPLETED IN THE NEXT FEW WEEKS AFTER WHICH TALKS ARE PROPOSED AIMED AT REACHING AN UNDERSTANDING ON SAFEGUARDS FOR THE KRSKO POWER REACTOR, WHILE PRELIMINARY DISCUSSIONS WILL BE HELD EVEN BEFORE THE REVIEW IS COMPLETED.

THE YUGOSLAV GOVERNMENT, HAVING RATIFIED THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS, AND HAVING GRANTED IN THE SAFEGUARDS AGREEMENT WITH THE IAEA SPECIAL GUARANTEES IN REGARD TO THE NUCLEAR POWER PLANT UNDER CONSTRUCTION UNDERTOOK ON MULTILATERAL AND TRILATERAL BASES, THE OBLIGATIONS WHICH IT HAS BEEN ADHERING TO AND FULFILLING STRICTLY.

CONSEQUENTLY, THE GOVERNMENT OF YUGOSLAVIA CONSIDERS THAT THE U.S. GOVERNMENT AS THE CONTRACTING PARTY IS OBLIGED TO CARRY OUT ALL OBLIGATIONS UNDERTAKEN, WITHOUT PUTTING FORWARD NEW CONDITIONS AND REQUESTS, AND HAS INFORMED THE U.S. GOVERNMENT ACCORDINGLY.

SINCE ALL NON-COMMERCIAL ARRANGEMENTS WERE MADE TRILATERALLY WITH THE AGENCY ACCORDING TO ITS ROLE AS THE THIRD PARTY THE YUGOSLAV GOVERNMENT CONSIDERS IT APPROPRIATE TO INFORM THE AGENCY AS WELL.

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WE ARE CONFIDENT THAT FURTHER COMMUNICATIONS BETWEEN THE PARTIES CONCERNED WILL ELIMINATE THE REASONS FOR TWO WORRYING QUESTIONS WHICH MIGHT ARISE IN THIS REGARD:

FIRSTLY, WHO IS TO BEAR THE ADDITIONAL AND VERY SIGNIFICANT ADDITIONAL COSTS DUE TO DELAYS IN THE CONSTRUCTION AND THE CONSEQUENT DROP OUT IN ELECTRICITY PRODUCTION;

SECONDLY, WHAT IS TO BE THE BASIS FOR INTERNATIONAL MUTUAL TRUST AND COOPERATION IF INTERNATIONAL CONTRACTS AND AGREEMENTS SHOULD NOT BE OBSERVED"

UNQUOTE

2. U.S. GOVERNOR (TAPE) REPLIED WITH BRIEF STATEMENT NOTING THAT ISSUES INVOLVED WERE OF BILATERAL NATURE, NOTWITHSTANDING FACT THAT AGENCY WAS PARTY TO SUPPLY AGREEMENT AND THAT AS NOTED IN

LETTER FROM DEPUTY SECRETARY-DESIGNATE CHRISTOPHER
TO VICE PRESIDENT MINIC, MATTER WAS RECEIVING ATTENTION AT HIGHEST
LEVELS IN USG AS WAS ENTIRE SUBJECT OF U.S. NON-PROLIFERATION POLICY
AS IT RELATED TO EXPORTS. PRELIMINARY BILATERAL
DISCUSSION NOTED BY OSREDKAR, WERE TO BEGIN

IN BELGARDE 2/24 WHICH WE HOPED WOULD HELP
MOVE MATTERS FORWARD. U.S. FULLY UNDERSTOOD
YUGOSLAV CONCERNS AND WAS CONFIDENT MATTER
COULD BE RESOLVED TO MUTUAL SATISFACTION
OF TWO GOVERNMENTS FOLLOWING CONTINUING DISCUSSIONS
AND OVERALL U.S. REVIEW OF ITS NUCLEAR EXPORT
POLICY. TAPE

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Copy: SINGLE
Sent Date: 23-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Subject: KRSKO PROJECT: YUGOSLAV/U.S. EXCHANGE IN IAEA BOARD OF GOVERNORS
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